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World Organic Market and Ukraine

The purpose of the article is to consider current situation on the global market of organic agricultural products, to identify the main regions of its production and the largest national markets, to characterize development and prospects for organic production in Ukraine.

Research methods. In the research process were used the following scientific methods: the theoretical generalization - for description typical features of organic production in plant cultivation and animal husbandry; analysis and synthesis - for consideration of current situation on the global organic market, including available land resources, number of producers, processors, traders and sales value; comparative evaluation - for ranking the main producing countries and consuming countries of organic products, as well as the most widespread crops in this segment; graphic and tabular - for optimal visualization the results of studying.

Research results. The nature of organic agriculture was analysed in context of basic requirements for its management, and the key characteristics of the global organic market at the current stage of its development with emphasis on production and international trade were described. The information concerning Ukrainian organic food market and its role in international market processes was revealed, the prospects of national and global organic sectors due to actual market trends for the nearest future were evaluated.

Elements of scientific novelty. It has been determined that global organic market, despite its constant unsaturation, will be surely restricted for growth, because of additionally known advantages, it has specific disadvantages in comparison with traditional agricultural production, which restrict multilateral growth.

Practical significance. Certain relevant elements in the article were aimed at informing domestic specialized producers about possibilities of diversification a product nomenclature and sales of their products both on the domestic and international markets in accordance with modern consumer needs. *Tabl.: 1. Figs.: 3. Refs.: 11.*

Keywords: organic production; development; world market; dynamics; legislation; prospects.

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Scientific problem. Global economy is in the process of continuous development, changing according to the current environment. Accordingly, its industries are also in a changing environment. Agriculture, although slower than other branches, is responding to new trends in business organization, also adapting to new conditions. Considering the world food market, it is worth to pay attention to its serious reformatting over the last few decades. Along with the tendency of steady growth of volumes and assortment of supply different foodstuffs, there is an increase of requirements for their safety and quality, optimization of logistics at the international level and the emergence of various diets and methods of nutrition in accordance with popular consumer preferences [3, 4, 7]. As a result, the process of agricultural production is diversifying, in particular, due to the rapid growth of organic agriculture. This

direction, like agri-food sector as a whole, has its own peculiarities in commodity structure and regional development. As the organic trend shows positive dynamics from year to year, which indicates the growth of demand and the unsaturation of the market, it is advisable to evaluate its potential capacity in the near future, both globally and in Ukraine in particular.

Analysis of recent researches and publications. The main aspects of production certain types of agricultural products, in particular organic, are covered mainly in the materials of foreign [8, 9, 10, 11] and Ukrainian [5, 6] specialized resources, as well as in publications of Ukrainian scientists, in particular Yu.O. Lupenko [4, 7], M.I. Pugachov [3, 4, 7], L.G. Melnyk [2].

The purpose of the article is to investigate the current situation of organic agriculture in the world in general and in Ukraine in

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particular, to determine the characteristic patterns of its development.

Research methodology. For explaining the matter of organic agriculture was taken into account its determination from International Federation of Organic Agriculture Movements (IFOAM). The key requirements for plant cultivation and animal husbandry under organic production were specified. Using the international statistics on organic agriculture made possible to show main indicators of this market (areas, sales, countries, operators). Such data helped to underline the place of Ukraine on international organic market. Current publications from national sources gave an opportunity to describe actual situation about organic production and export from Ukraine. Main characteristics and difference from expired legislation in new Law of Ukraine «About Basic Principles and Requirements for Organic Production, Circulation and Labeling of Organic Products» were considered. All this information led to conclusion about expected domination of European and North American countries in the world organic agriculture, as well as good prospects for Ukrainian producers on internal market and abroad.

Research results. Understanding the nature of organic production method is often limited to the belief that it is safe for environment. The International Federation of Organic Agricultural Movements (IFOAM) defines organic agriculture as a production system that supports health of people, ecosystems and soils. Also it is characterized by dependence on natural cycles, ecological processes and biodiversity, which are specific to local conditions. In addition, when it is properly organized, it is not allowed to use harmful resources that cause negative consequences [6, 9].

Products could be identified as organic only if during vegetal process is forbidden to use synthetic mineral fertilizers and pesticides against weeds, pests and diseases, as protection is conducted by natural preparations, as well as the fertilization of plants and soil is provided by organic fertilizers. In organic animal husbandry do not use genetically modified organisms, growth stimulants, hormones and antibiotics, and the treatment of animals is carried out with help of preventive means and homeopathic remedies. Only those products are recognized as organic, which produced in accordance with established rules

(standards) and their production has been certified in accordance with established procedure [6, 9].

The scale of organic agriculture development is characterized by changes in its main indicators. In particular, from 1999 to 2017, organic farmland grew from 11 million hectares to nearly 70 million hectares, and the number of specialized producers increased from 200,000 to 2.9 million. At the same time, the volume of the global organic market, which in 2000 was estimated at \$ 17.9 billion, reached \$ 97 billion in 2017. According to the latest available data, there are 181 countries with organic activities in the world, and the share of organic land is 1.4% of the total area of agricultural land [11].

The peculiarity of production statistics in organic agriculture is that the specialized resources involved in its research mainly provide information by area, expressed in hectares. If we talk about the regional distribution of organic land, the largest area in Oceania - 35.9 million hectares, in Europe under organic production there are 14.6 million hectares, in Latin America - 8.0 million hectares, in Asia - 6.1 million hectares, North America owns 3.2 million hectares, and the least is allocated in Africa - 2.1 million hectares. Top ten countries with the largest areas under organic farming are formed as the absolute leader Australia (35.7 million hectares, although almost all these lands are used as pastures), as well as Argentina (3.4 million hectares), China (3.0 million hectares), Spain (2.1 million hectares), the United States (2.0 million hectares), Italy (1.9 million hectares), Uruguay (1.9 million hectares), India (1.8 million hectares), France (1.7 million hectares) and Germany (1.4 million hectares) [11].

Available statistics show that organic products are in high demand mostly in North America and Europe with retail sales of € 43 billion and € 37 billion, respectively, totally exceeding 85% of the global market. As a result, the ten largest organic market countries (excluding China) represent two named regions of the world, and the top three are formed by the United States (40.0 billion euros), Germany (10.0 billion euros) and France (7.9 billion euros) (Figure 1). In addition to producers, 87.7 thousand of processors, 5.9 thousand of importers and 7.6 thousand of exporters operate in the world organic market [11].

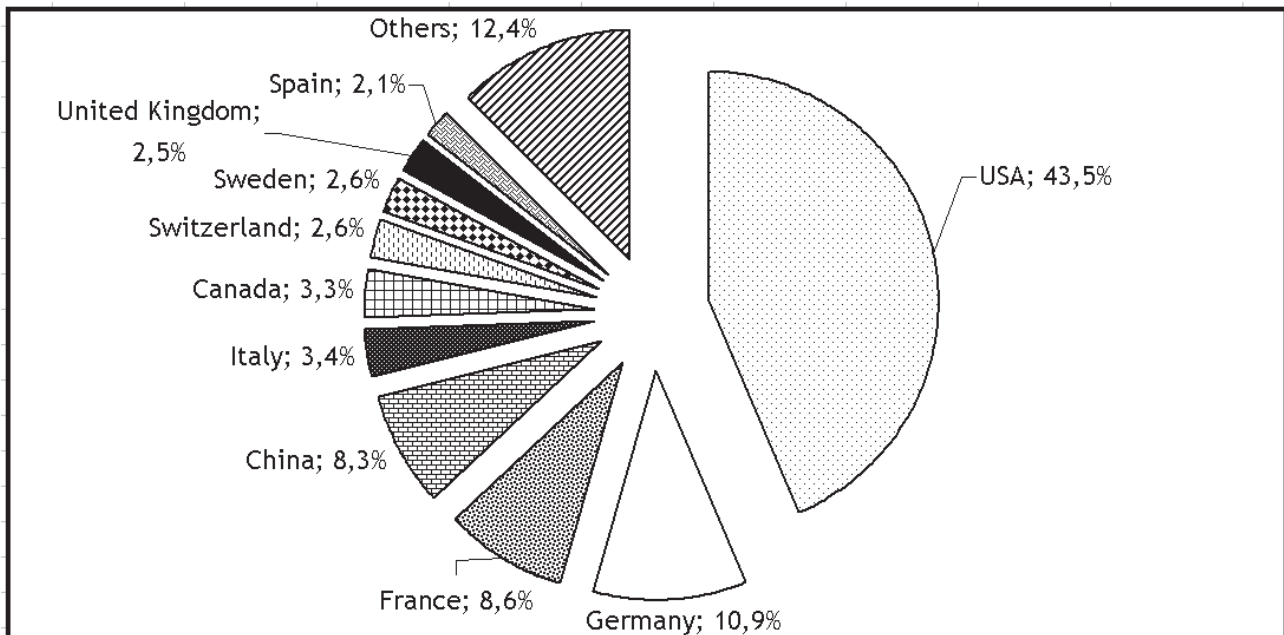


Figure 1. Shares of countries with the largest organic market capacity in the overall structure of the world organic market, %

Source: Formed by author based on [11].

Of almost 70 million hectares of organic land available, the vast majority accounts for permanent meadows and pastures (48.2 million hectares), arable land and field crops oc-

cupy 12.1 million hectares, 4.9 million hectares are allocated for perennial plantings, and use of other 4.7 million hectares not specified (Figure 2).

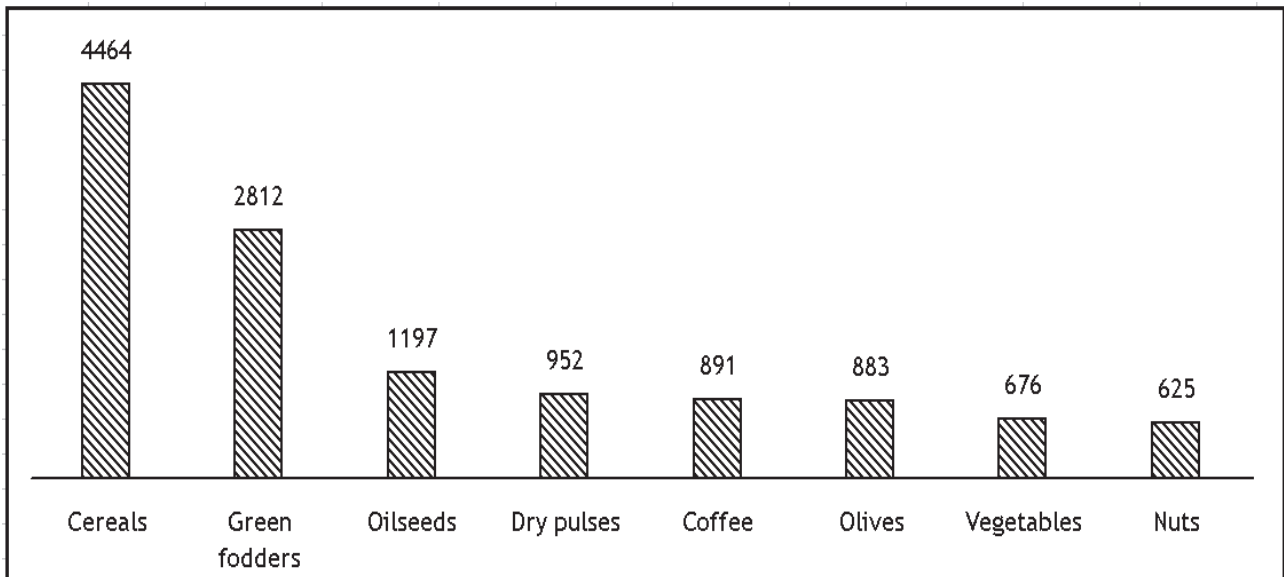


Figure 2. Distribution of organic land by crop categories in the world (2017), 1000 hectares

Source: Formed by author based on [11].

Organic agricultural production is gradually developing in Ukraine, beginning to form as a market in the early 2000s. According to the latest data of 2017, organic land in our country occupies 289 thousand hectares. Although a year ago, 381 thousand hectares were considered as organic, and in 2015 - 411 thousand hectares. This happened after a more accurate re-

calculation of actually available organic land and deprivation of appropriate certification those enterprises that worked in violation of the legislation governing organic production [1].

Territorial distribution of domestic organic producers is represented mainly by Kyiv, Zhytomyr, Vinnytsia, Poltava, Odesa, Kherson, Transcarpathia, Lviv and Ternopil regions. How-

ever, by size, farms can be large (thousands of hectares) and small (few hectares), such as those operating in European countries [6].

In Ukraine, the vast majority of organic land is involved in cultivation cereals and

oilseeds, legumes, vegetables and root crops, as well as perennial crops. In the international rating of the largest producing countries of organic cereals, oilseeds and root crops Ukraine is in the top ten (Table).

Table. Ukraine in the world organic market (2017)

Crops	Area, ha	Rank
Total	289000	24
Including:		
Cereals	133440	10
Oilseeds	52020	9
Dry pulses	14450	16
Vegetables	5780	11
Root crops	5780	6
Pome and stone fruits	2500	15

Source: Formed by author based on [8, 11].

In 2017 there were 304 certified organic producers in Ukraine, volume of the domestic market was € 29 million and export value was

€ 99 million [11]. In dynamics, all these indicators tend to increase (Figure 3).

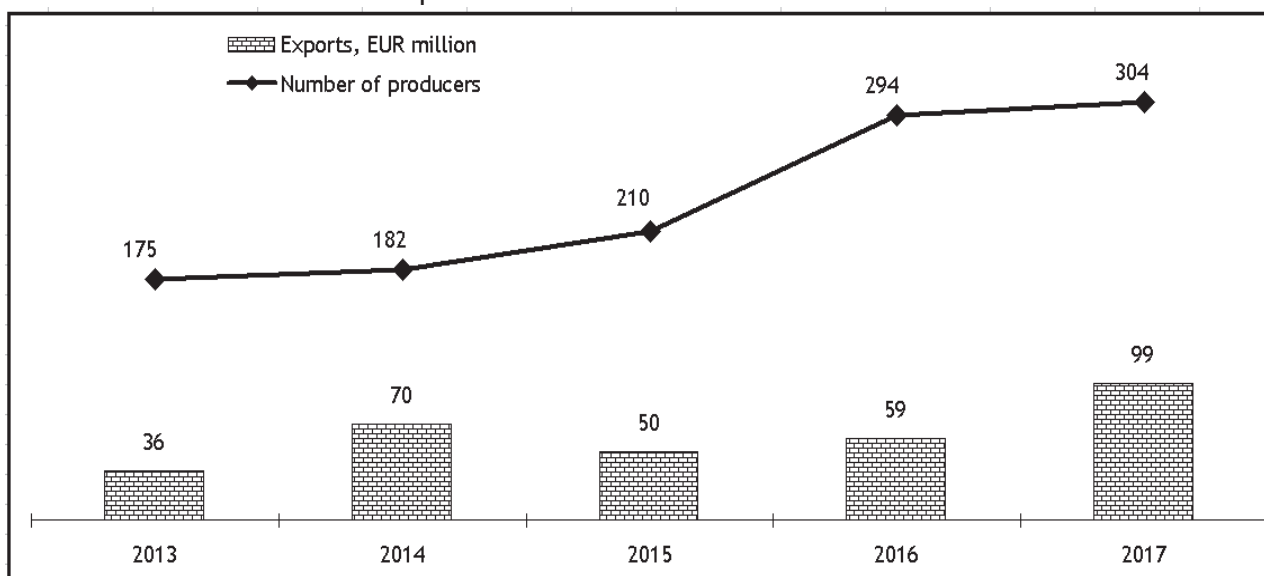


Figure 3. Export volumes of organic products and number of producers in Ukraine

Source: Formed by author based on [11].

The situation, when export volume of organic food products exceeds domestic sales several times, is typical for Ukraine. Our specialized producers, first of all, are focused on finding potential consumers abroad, where there is a consistently high effective demand. In 2017, domestic enterprises exported organic corn, wheat, soybeans, barley, sunflower, millet, rapeseed, oats, lupine, buckwheat, mustard, pumpkin seeds, flax, flakes, rye, coriander, pea, wheat flour, sunflower oil, concentrated apple juice, herbs, as well as organic fruits and berries, including frozen blueberries and blueberries, fresh apples, elderberries, birch juice, walnut kernels, sea buckthorn, frozen blackberries, wild rose, cranber-

ries, hawthorn and raspberries. The main markets for Ukrainian exporters were the countries of European Union [5, 10].

Besides usual growth problems experienced in such cases in any direction, organic market of Ukraine does not currently have an implemented perfect regulatory framework. The Law of Ukraine «About Production and Circulation of Organic Agricultural Products and Raw Materials», adopted in 2013, which was in force until 2 August 2019, did not comply with European Union legislation in this field. That is why the new Law of Ukraine «About Basic Principles and Requirements for Organic Production, Circulation and Labeling of Organic Products» came into force on August 2, 2019. In addition to ad-

aptation of our legislation to the European, responsibility for its violation by both producers and certification bodies, as well as the fines for sales of products without a corresponding certificate, have been determined [6].

Organic agriculture, therefore, continues to gain its share on the global food market. Not playing a significant role in the overall structure of production, it is still gradually expanding its presence, especially on the developed countries' markets [2]. Based on the current trends, it is possible to forecast further development of this agricultural trend, which will result in an increase the area in the organic agricultural sector and the volume of the world market. In the short term, European and North American countries will continue to play a key role in production and formation the latest consumer trends for organic products. In Ukraine, organic direction is just beginning to develop, passing formation stage. After a period of time, it will become clearly structured to respond the requests of domestic and foreign consumers, but, despite its specificity in orientation to traditional for our country crops and products, will generally act in accordance with current world trends and actual economic environment.

Conclusions. Constant diversification of demand for food in recent decades has led to the emergence of specialized markets, among which one of the central places is belong to organic. It

places very essential requirements to organization of production and certification, but in a global view, the number of its producers is constantly growing. Organic products, which are produced in fact in every region of the globe, are mainly marketed in the US, Canada, European Union and China. If do not take into account permanent meadows and pastures, which dominate in the structure of organic farmland, the most popular crops in the world are cereals, fodder, oilseeds, legumes, coffee, vegetables and others. For Ukraine, the organic market serves as an additional opportunity to find new niches in the international agrarian market. At the same time, in the near future, we must complete the adaptation of our regulatory and legal framework to the European one by putting into force a new law governing the production and circulation of organic products. Our country is among the ten largest countries by area under organic cereals, oilseeds and root crops. Increasing domestic organic food exports demonstrates the potential of our production and confirms the presence of additional demand in the world market. However, organic market will not be able to replace or systematically compete with traditional food market, because the complexity of organization the production process, bigger dependence on natural conditions, lower yields and high prices for the final product make it almost entirely oriented exclusively to consumers with high revenues from developed countries.

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Духницький Б.В. Світовий ринок органічної продукції та Україна

Мета статті - розглянути актуальну ситуацію на глобальному ринку органічної аграрної продукції, виділити основні регіони її виробництва і найбільші за ємністю ринки конкретних країн, охарактеризувати розвиток органічного виробництва в Україні.

Методика дослідження. Використано методи: теоретичного узагальнення - для наведення типових особливостей здійснення органічного виробництва в рослинництві і тваринництві; аналізу та синтезу - для розгляду сучасної ситуації на глобальному органічному ринку, включаючи наявні земельні ресурси, кількість виробників, вартісні обсяги продажів; порівняльної оцінки - для ранжування головних країн-виробників, країн-споживачів органічної продукції, а також найбільш поширених у цьому сегменті культур; графічний і табличний - для оптимальної візуалізації результатів проведеного дослідження.

Результати дослідження. Розглянуто сутність органічного сільського господарства з позиції принципів вимог до його ведення, описано ключові характеристики світового органічного ринку на сучасному етапі розвитку з акцентом на показниках виробництва і міжнародної торгівлі, включено інформацію про органічний продовольчий ринок України і його роль у міжнародних галузевих процесах, здійснено оцінку перспектив національного і глобального органічного сектору в контексті кон'юнктурних тенденцій у найближчому майбутньому.

Елементи наукової новизни. Визначено, що глобальний органічний ринок, незважаючи на постійну ненасиченість, буде обмеженим для зростання, оскільки крім відомих переваг, має й конкретні недоліки порівняно зі звичайним способом аграрного виробництва, які заважають багатосторонньому росту.

Практична значущість. Положення статті спрямовані на інформування вітчизняних спеціалізованих виробників про можливості диверсифікації товарної номенклатури та збуту їх продукції як на внутрішньому, так і на міжнародному ринку відповідно до сучасних споживчих потреб. Табл.: 1. Рис.: 3. Бібліогр.: 11.

Ключові слова: органічне виробництво; розвиток; світовий ринок; динаміка; законодавство; перспективи.

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Духницький Б.В. Мировой рынок органической продукции и Украина

Цель статьи - рассмотреть актуальную ситуацию на глобальном рынке органической аграрной продукции, выделить основные регионы ее производства и крупнейшие по ёмкости рынки конкретных стран, охарактеризовать развитие органического производства в Украине.

Методика исследования. Использованы методы: теоретического обобщения - для приведения типичных особенностей осуществления органического производства в растениеводстве и животноводстве; анализа и синтеза - для рассмотрения современной ситуации на глобальном органическом рынке, включая имеющиеся земельные ресурсы, количество производителей, стоимостные объемы продаж; сравнительной оценки - для ранжирования главных стран-производителей, стран-потребителей органической продукции, а также наиболее распространенных в этом сегменте культур, графический и табличный - для оптимальной визуализации результатов проведенного исследования.

Результаты исследования. Рассмотрена сущность органического сельского хозяйства с позиции принципиальных требований к его ведению, описаны ключевые характеристики мирового органического рынка на современном этапе развития с акцентом на показателях производства и международной торговли, включена информация об органическом продовольственном рынке Украины и его роли в международных отраслевых процессах, осуществлена оценка перспектив национального и глобального органического сектора в контексте кон'юнктурных тенденций в ближайшем будущем.

Элементы научной новизны. Определено, что глобальный органический рынок, несмотря на постоянную ненасыщенность, будет ограниченным для роста, поскольку кроме известных преимуществ, имеет и конкретные недостатки по сравнению с обычным способом аграрного производства, которые являются помехой многостороннему росту.

Практическая значимость. Положения статьи направлены на информирование отечественных специализированных производителей о возможности диверсификации товарной номенклатуры и сбыта их продукции как на внутреннем, так и на международном рынке в соответствии с современными потребительскими запросами. Табл.: 1. Илл.: 3. Библиогр.: 11.

Ключевые слова: органическое производство; развитие; мировой рынок; динамика; законодательство; перспективы.

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